



STAFF REPORT Planning

Title: Municipal Housing Pledge
Report Number: IPPW2023-013
Author: Adam Lauder
Council Date: March 20, 2023
File: [File]
Attachments: Attachment 1 – Provincial Housing Pledge Letter, February 13, 2023
Ward No.: City-wide

Recommendations:

1. That report IPPW2023-013 be approved.
2. That report IPPW2023-013 be submitted to the Province of Ontario as the City of Waterloo's Municipal Housing Pledge of planning for 16,000 residential units by 2031.
3. That staff be directed to annually report on the City of Waterloo Municipal Housing Pledge metrics as outlined in IPPW2023-013.
4. That the Province be urged to dedicate additional financial resources to assist municipalities in streamlining development approvals and offsetting financial shortfalls resulting from Bill 23.

A. Executive Summary

In response to the current housing crisis, in late 2022, the Province assigned housing targets to large urban municipalities for the period of 2022-2031. The Province has asked the City of Waterloo to formally adopt a housing pledge to accommodate 16,000 new housing units by 2031, and that the pledge be adopted by March 22, 2023. The pledge is to include how the housing target will be achieved, and demonstrate that the target is attainable.

As summarized in this report, the City of Waterloo has a long history of planning for growth. The City's current focus on intensification, guided by the City's Height & Density Study (2003), pre-dates many Provincial efforts to require municipalities to use land more efficiently, including the Growth Plan for the Greater Golden Horseshoe (2007). As part of its growth management strategy, the City of Waterloo has approved various long range planning studies including the Northdale Land Use Plan (2012) and Station Area Planning (2017) to enable the city to accommodate growth well beyond the 2050s.

The Province's housing pledge, which equates to an average of 1,600 units/year, appears to be an aggressive (but attainable) growth rate, based on historical growth patterns. While the City of Waterloo has no control over the development industry's business decisions to bring units to market, the City has created a land use planning framework that permits the growth levels the Province is calling for, as of right through zoning permissions. With over 20,000 units in various stages of the planning process today, it is clear that the development industry is enabled to deliver units to market, should the conditions be favourable to do so.

B. Financial Implications

The Municipal Housing Pledge is driven by Bill 23 (*More Homes Built Faster Act, 2022*), which is highly consequential legislation to land use planning at both the lower-tier and upper-tier levels of local government, and negatively impacts municipalities' ability to fund and/or collect for growth-related infrastructure needs.

As outlined in report IPPW2022-063 (Bill 23: 10 Point Adaption Plan), the financial impacts of Bill 23 for the City of Waterloo are estimated at \$23 million to \$31 million in reduced development charges over the next five years if all aspects of Bill 23 are applied. At the same time, the Municipal Housing Pledge seeks a commitment from municipalities to plan for and fund specific and critical local infrastructure required to support growth and new housing (e.g., upgrading and expansion of water and wastewater services). Further, to accommodate the aggressive pace of development approvals contemplated by the housing pledge, additional operational (staffing) costs are likely required. These impending financial implications and pressures will be presented to Council for its consideration as part of the City's normal budget approval process, starting as early as 2024-2026.

On November 30, 2022, in response to the Association of Municipalities of Ontario's (AMO's) call for action, Minister Clark provided a letter advising that the Province will continue to work with municipalities to address any financial challenges as a result of Bill 23 that impact a municipality's ability to fund housing enabling infrastructure. The City of Waterloo looks forward to receiving further information and financial support from the Province in this regard.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Objectives: Equity, Inclusion and a Sense of Belonging; Sustainability and the Environment; Safe, Sustainable Transportation; Healthy Community & Resilient Neighbourhoods; Infrastructure Renewal; Economic Growth & Development)

(Guiding Principles: Equity and Inclusion; Sustainability; Fiscal Responsibility; Healthy and Safe Workplace; Effective Engagement; Personal Leadership; Service Excellence)

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Healthy Community & Resilient Neighbourhoods, Economic Growth and Development – Bringing housing to market supports a healthy community, and a vibrant economy in a myriad of ways.

E. Previous Reports on this Topic

- IPPW2022-063 - Bill 23 Adaptation Plan



Municipal Housing Pledge – Response to the Province IPPW2023-013

Background

In response to the current housing crisis, in late 2022, the Province assigned housing targets to large urban municipalities for the period of 2022-2031. The Province has asked the City of Waterloo to formally adopt a housing pledge to accommodate 16,000 new housing units by 2031, and that the pledge be adopted by March 22, 2023. The pledge is to include how the housing target will be achieved, and demonstrate that the target is attainable.

1.0 The Numbers

The Housing Pledge

The Province has assigned a housing target to the City of Waterloo of 16,000 new units from 2022 to 2031. Taking into account the 1,544 units that received a Building Permit in 2022, the pledge asks the City to plan for 14,456 new housing units over the remaining 9 years (an average of 1,606 units/year).

Development Under Review

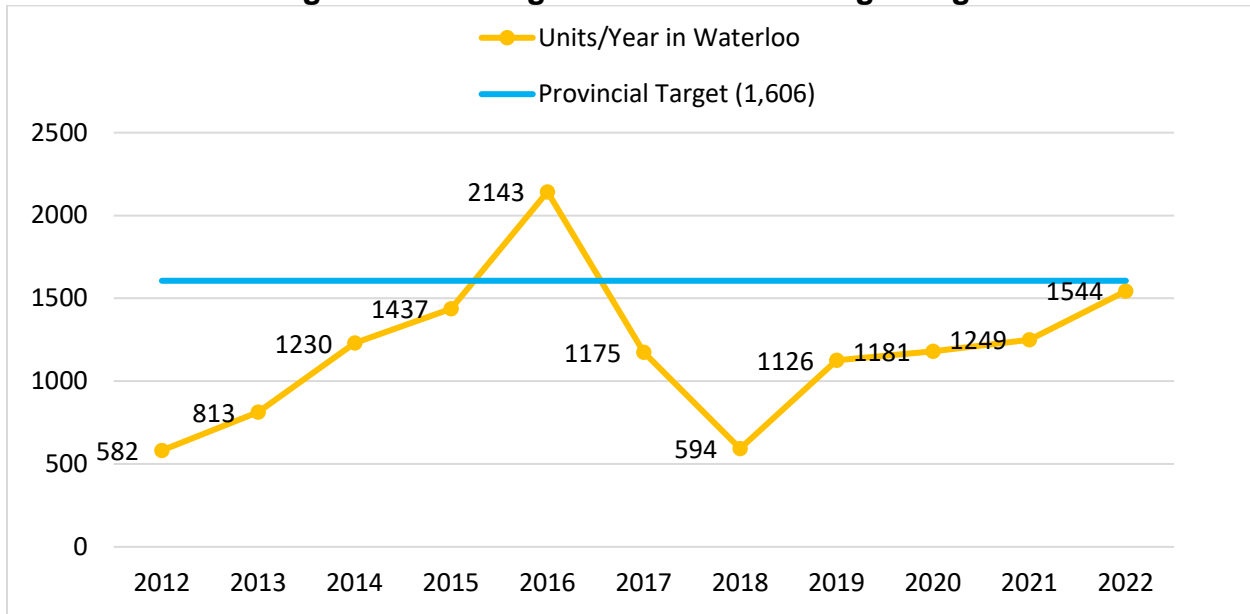
City staff currently estimate over 20,000 dwelling units are in various stages of the development pipeline, which exceeds the 16,000 provincial target for Waterloo. This includes:

- a. Approximately 11,000 units that either have active building permits or are in the site plan review process;
- b. An approved district plan for an additional ~2,300 units in northwest Waterloo; and
- c. Planning applications for over 7,000 new housing units that are actively being reviewed.

Building Permit Trends and Staff Workloads

Over the last 10 years, there has been an average of approximately 1,200 new residential units constructed in the city per year. Activity rates have grown from a low of 590 units in 2012, to over 2,100 units in 2016 (the highest growth year), to 1,544 units in 2022.

Figure 1: Building Permits and Housing Pledge



The Province’s housing pledge of approximately 1,606 units/year appears to be an aggressive (but attainable) growth rate, based on historical growth patterns. While the City of Waterloo has little control over the development industry’s business plans to bring units to market, the City has created a land use planning framework that permits the growth levels the Province is calling for, as of right through zoning. Currently, there are over 20,000 new residential units in various stages of the planning process. It is clear that the development industry is enabled to deliver units to market, should the conditions be favourable to do so.

New residential growth in the City of Waterloo will be primarily accommodated through infill and intensification within designated nodes, corridors, and major transit station areas. Development in such areas can be complex. To meet the housing pledge, staff will need to process a higher volume of complex development applications, increasing current workloads and creating operational pressures. Every significant intensification project requires impacts related to transportation, wind, shadow, urban design, parking, context, constraints, servicing, and open space/amenities to be assessed by staff and agencies. As Waterloo matures, staff expects the complexity of files to continue to increase. At the same time, the City must fulfill its legislative obligations related to other planning applications (e.g., Committee of Adjustment, Site Plan Control, etc).

2.0 Increasing Planned Capacity

The City of Waterloo has a long history of planning for growth. The City’s current focus on intensification, guided by the City’s Height & Density Study (2003), pre-dates many Provincial efforts to require municipalities to use land more efficiently by growing inward

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as well as through subdivisions, including the Growth Plan for the Greater Golden Horseshoe (2007). As part of its growth management strategy, the City of Waterloo has approved various long range planning studies including the Northdale Land Use Plan (2012) and Station Area Planning (2017) to enable the city to accommodate growth well beyond the 2050s.

The long range planning strategies have largely been successful, with the City of Waterloo primarily accommodating new residential growth via intensification. Whereas less than 50% of the city's growth occurred via intensification in the early 2000's, the latest 10 year average intensification rate is approximately 80%. In the last three years, the intensification rate average was almost 90%.

Beyond the Height & Density Study, numerous City-led initiatives have and will continue to support future growth within the city's existing municipal boundaries:

Official Plan Review

The City is currently undertaking an Official Plan Review. Staff are working on a three-phased approach for the review, with Phase 1 consisting of policy / data analysis and recommendations to Council that, if approved, would result in the creation of additional development capacity. Phase 1 includes:

- analysis of Major Transit Station Areas (see below for additional detail);
- analysis of Nodes and Corridors to ensure they are of sufficient size and dimension to accommodate development;
- analysis of the potential for additional Nodes and Corridors to accommodate development;
- enabling "gentle density" in various areas of the city, particularly around schools and other community facilities;
- recommendations related to Inclusionary Zoning (IZ);
- engaging the development industry to understand other ways to foster development capacity.

Major Transit Station Areas

In 2017, Council approved various Station Area Plans, which are neighbourhood-scale plans for lands around ION stations. Station Area Plans are intended to leverage the significant investment in light rapid transit ("LRT") by creating a planning framework for managing growth and change around LRT stops. Select lands around the Research & Technology Station, Northfield Station, and Conestoga Mall Station were identified as appropriate locations for conversion to mixed-use. As part of the official plan amendment to implement the Station Area Plans, City Council formally requested that the Region enable mixed-use development in these three (3) station areas as part of the Municipal Comprehensive Review ("MCR") forming part of the Regional Official Plan Review ("ROP Review").

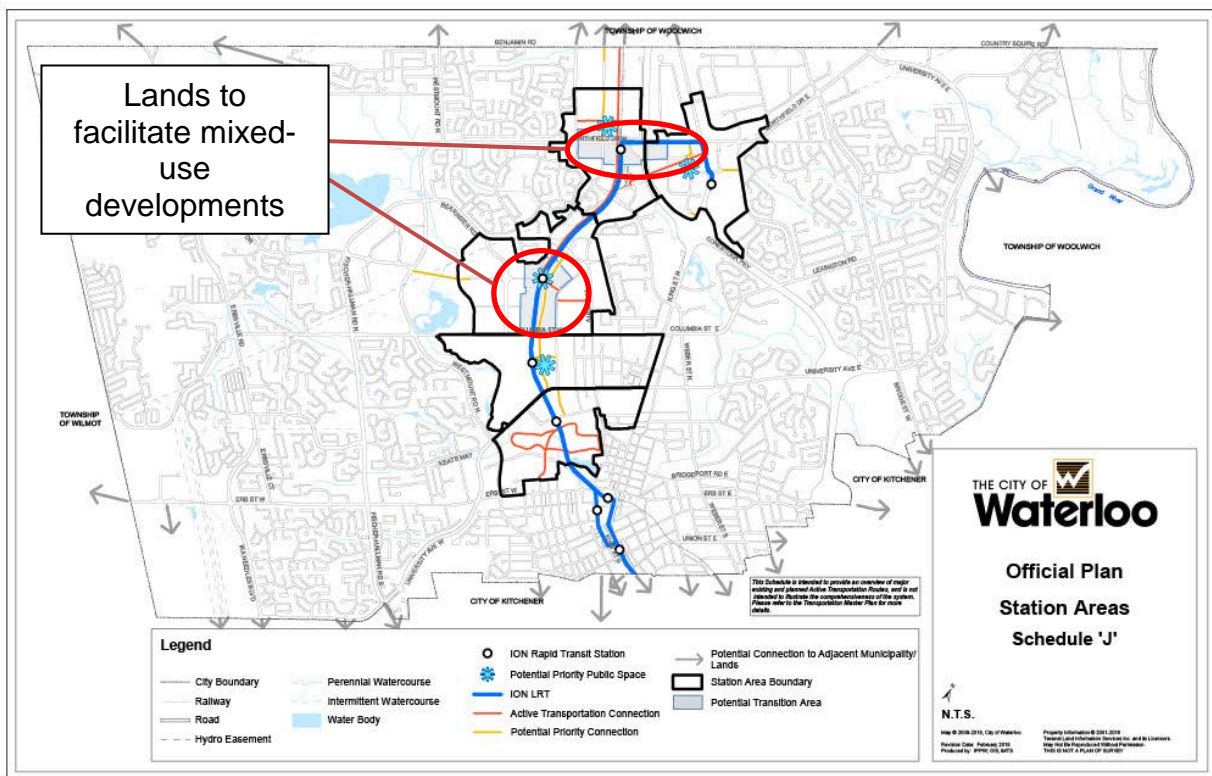
In August 2022, the Region submitted Phase 1 of their Official Plan Review (ROPA 6) to the Province for approval. In general, ROPA 6 recommends enabling mixed uses in the Research & Technology Station, Northfield Station, and Conestoga Mall Station. With

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the Ministry of Municipal Affairs & Housing (“MMAH”) expected to make a final decision on ROPA 6 in early 2023, it is anticipated that the City of Waterloo will soon be able to implement its Station Area Plans (2017) including allowing high density mixed-use developments on specified lands, representing a significant new residential growth opportunity in the city that is transit supportive.

As part of the City’s Official Plan Review (“OPR”), the Station Area Plans will be reviewed, and updated as required to align with current legislation and contemporary planning policies, subject to council approval. If approved, implementing policies and designations would enable lands around the Research & Technology Station, Northfield Station, and Conestoga Mall Station to accommodate a significant amount of new housing.

Figure 2: Major Transit Station Areas



Northdale

Northdale is a rapidly growing neighbourhood. The Northdale Land Use Plan (2012) enables the transition from a primarily post-WWII single detached residential neighbourhood to a medium and high density mixed-used and walkable neighbourhood. Since 2012, Northdale has been the fastest growing area of the city, with 5,700 new units created, and a significant amount of additional units in the pipeline. Northdale will continue to deliver missing middle housing for the community, and will continue to evolve from a primarily student-oriented neighbourhood to one that features a better balance of student and non-student housing.

Figure 3 below uses aerial photography of the Northdale neighbourhood in 2012 and 2022 to demonstrate the rapid pace of development. As can be seen, a significant amount of post-WWII homes (particularly south of Hickory St W) have been replaced with mid- and high-rise apartment units. This trend is expected to continue, with additional development in the pipeline.

Figure 3: Northdale Neighbourhood - 2012 to 2022

Northdale






Secondary Suites

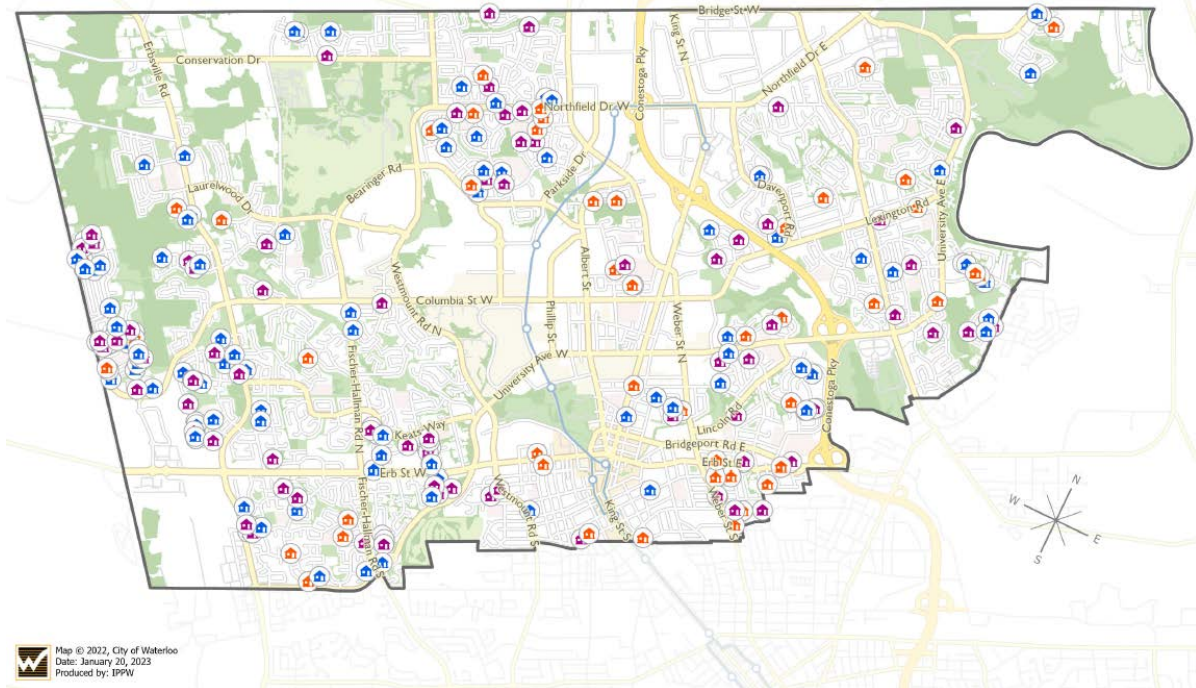
Secondary suites are becoming more commonplace in the city. Since the start of 2020, there have been 235 secondary suites permits issued, with 57, 80 and 98 being issued in 2020 to 2022 respectively. With recent legislative changes advanced by the Province to enable “third units” in accordance with the Planning Act, combined with the increasing cost of housing, staff expect to see more second and third units in the coming years.

See Figure 4 below for locations of Secondary Suites since 2020. Note the varied locations throughout the City.

Figure 4: Secondary Residential Units

Secondary residential units by permit issue year

- Permit issue year
-  2020 (57 permits)
 -  2021 (80 permits)
 -  2022 (98 permits)



New Development Areas

Beyond Beaver Creek Meadows (“BCM”) in northwest Waterloo, which is counted in staff’s calculation of ~20,000 units discussed in Section 1.0, the city has little additional greenfield land remaining for traditional subdivision growth. Most of our remaining residential greenfield lands are small and fragmented, and concentrated in the northwest and northeast of the city. City staff estimate that approximately 1,400 units could be accommodated on these remaining unplanned greenfield lands.

While the City of Waterloo does not have a significant amount of unplanned greenfield lands available, there is ample land within Waterloo Region for this type of growth. For example, based on available information, there are approximately 37,000 units within various stages of approval within Plans of Subdivision, with 6,600 of those units being registered but unbuilt lots.

3.0 Streamlining Efforts - Studies

In 2022, the Province provided funds to the 39 largest municipalities in Ontario to streamline the development approvals process. Funding provided to the City of Waterloo is being used on studies including:

Exploring the Community Planning Permit System

A consultant has been retained to investigate the potential for implementing a Community Planning Permit System (“CPPS”) in the City of Waterloo. The CPPS combines Site Plan Control, Minor Variance and Zoning By-law Amendment processes into one application and approval process, with shorter approval timelines (45 days versus 90 days for zoning by-law amendments), while also enabling conditions to be applied to decisions.

Staff continues to work with the consultant to understand both the potential of the CPPS, as well as the implementation requirements.

Built Form Standards Review

A consultant has been retained to assess development potential in nodes and corridors, and built form standards used to manage intensification projects. The review is primarily examining massing, height and density (particularly in Uptown and Major Transit Station Areas) as well as urban design standards. This work will inform the City’s Official Plan Review, as well as future housekeeping amendments to the zoning by-law. The outcome is intended to be updated and clear direction to the development industry on desired development forms in the local context.

Parking Analysis

A consultant has been retained to assess parking rates and parking standards in the zoning by-law. This assessment is intended to ensure parking standards are set at an appropriate level, in an effort to balance potential off-site impacts while not over-parking new developments, thereby:

- efficiently using land;
- reducing planning applications to amend parking rates (streamlined approvals);
- reducing automobile reliance in transit supportive areas.

The recommendations of this study will be considered as part of future housekeeping amendments to the zoning by-law.

Taken together, the City is using the funding provided by the Province to streamline development approvals (e.g., reduce the nature and scope of development applications), to accommodate growth in a more expeditious manner. Staff is committed to this work, and is always looking for opportunities to collaboratively work with the Province and the development industry to improve the development process.

Staff urges the Province to continue to fund similar initiatives in the future, as the City of Waterloo has been able to accelerate multiple projects in 2022/2023 focused on

streamlining development approvals, which will benefit the housing supply. These projects would not have been possible without the Provincial funding given constrained municipal resources, and future funding could be used to accelerate the implementation of the directions explored to date and further streamline development approvals.

4.0 Implementation

The Province has requested that municipalities outline steps required to implement and monitor the municipal housing pledge. In response, the following is recommended by staff:

Long Range Planning

As this report briefly describes, successive Councils have approved a number of critical long range planning projects, all of which have enabled the City to accommodate significant growth while achieving local planning goals and objectives. Many of the site specific development proposals being advanced today are a reflection of these strategic long range planning projects including the Height & Density Study (2003), the Northdale Land Use Plan (2012), the City of Waterloo Official Plan (2012), as well as the new Zoning By-law (2018).

Long range planning will be relied upon in order to guide and enable growth, including the 16,000 units in the housing pledge. To that end, the City of Waterloo will need to continue to devote resources to long range planning initiatives that foster significant growth while achieving local planning goals and objectives, including:

- City of Waterloo Official Plan Review (Phase 1: mid to late 2023);
- Station Area Plan implementation (timing subject to ROPA 6);
- Affordable Housing Strategy (March, 2023).

Such projects establish the planning framework necessary to accommodate the growth contemplated in the housing pledge.

Development Industry Activity

The City of Waterloo has planned for substantial development capacity in designated areas of our municipality. While the City's role is to plan for growth and establish local development standards based on context and community goals, we do not construct housing. The development industry largely decides when new residential units are brought to market. In order to achieve the housing target, the development industry will need to do its part to construct housing at the pace contemplated by the Province.

The City regularly meets with homebuilding and development industry representatives, and will continue to do so, including to seek to better understand impediments the industry is experiencing (particularly those which the City has some control over).

Continue Streamlining the Development Review Process

Staff are committed to streamlining the development approval process, while ensuring the legislative requirements for municipal review and public input are maintained.

Integrated Planning & Public Works will continue to examine process improvements that would enable the development industry to bring units to market in a more expeditious manner, while achieving the planning goals and objectives of the community.

Annual Reporting Program for Pledge

City staff will bring an annual report to Council, to be forwarded to the Province, which tracks the development industry's ability to bring housing units to market. This report will include residential units within the development pipeline, including:

- Building Permits
- Official Plan and Zoning By-law Amendments applications
- Plans of Subdivision applications
- Site Plan Review applications

The first such report will be brought to Council in February 2024.

Attachment 1 – Provincial Housing Pledge Letter (February 13, 2023)

Ministry of
Municipal Affairs
and Housing

Office of the Minister

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234-2023-711

February 13, 2023

Your Worship
Mayor Dorothy McCabe
City of Waterloo
100 Regina Street South, P.O. Box 337, Station Waterloo
Waterloo ON N2J 4A8

mayor@waterloo.ca

**Subject: Municipal Housing Targets and Municipal Housing Pledges
City of Waterloo: 16,000**

Dear Mayor McCabe,

I would like to congratulate you on your election in the City of Waterloo last fall. With last year's municipal and provincial elections now behind us, Ontarians are counting on us to work together productively and build a relationship of trust that delivers for the people we represent.

The lack of housing supply has become one of the defining issues in Ontario today, and I know it was just as prevalent in last year's municipal elections as it was for those of us on the provincial level.

Our government is taking bold and transformative action to get 1.5 million homes built by 2031.

That's why, last October, our government introduced our More Homes Built Faster Plan. The plan contains practical measures that will have a real impact on our communities, reduce costs for homebuyers, and encourage the development of more housing supply.

These measures included municipal housing targets and pledges. While municipalities have taken significant steps in increasing the housing supply, our government requires a commitment from our municipal partners to take extra effort in providing housing for future population growth.

To implement the 1.5 million homes target, large and fast-growing municipalities, including yours, are being assigned a **Municipal Housing Target**. Via your municipal Clerk in last October, I asked the City of Waterloo to demonstrate your commitment to accelerating housing supply by developing a **Municipal Housing Pledge** and taking the

necessary steps to facilitate the construction of 16,000 new homes in your community by 2031.

I would like to inform you that the Ministry of Municipal Affairs and Housing is extending the deadline for the submission of municipal housing pledges from March 1, 2023, to March 22, 2023, in response to requests from some of our municipal partners.

As I stated in my previous letter, pledges will provide important information that showcases the strategies and actions that municipalities choose to adopt in order to prioritize and accelerate housing. Our government intends to use your pledges to monitor and track progress so we can continue to play a role in supporting municipalities and removing barriers to housing development. Please see the information sheet attached again to this letter for information and considerations in developing a Municipal Housing Pledge.

We are committed to addressing the policy and implementation barriers you may encounter as you develop your pledges and I encourage you to reach out to Wendy Ren, Executive Lead, Municipal Policy/Program Collaboration, at Wendy.Ren@ontario.ca or 437-995-7094, if you have any questions, comments, or suggestions.

Please acknowledge receipt of the letter to Wendy Ren as well.

I look forward to working together to increase housing supply for all Ontarians.

Sincerely,



Steve Clark
Minister

Encl.

c: Kate Manson-Smith, Deputy Minister
Ryan Amato, Chief of Staff, Minister's Office
Michael Parsa, Associate Minister of Housing
Joshua Paul, Assistant Deputy Minister, Housing Division
Sean Fraser, Assistant Deputy Minister, Planning and Growth Division
Wendy Ren, Executive Lead, Municipal Policy/Program Collaboration
Tim Anderson, CAO
Julie Scott, City Clerk, Director of Legislative Services

Info Sheet: Considerations in Developing Municipal Housing Pledge

The pledge is not intended to be a land-use planning document, and its development should not require external technical expertise. The format and language used in the pledge should be accessible to the general public. The pledge is intended to be approved by municipal councils and should help codify Council's commitment to meeting their municipal housing target.

Municipalities can leverage new and existing policy tools as they develop housing pledges and work towards their housing targets.

Below is a non-exhaustive list of potential strategies and actions that municipalities may include in developing their housing pledges. There may be additional opportunities based on local circumstances and the Province is interested in hearing about those ideas and creative solutions.

- Strategies to encourage and promote gentle intensification to enable and expedite additional residential units in existing residential areas
- Outline ways in which funding under provincial programs, such as the Streamline Development Approval Fund (SDAF) or Municipal Modernization Program (MMP), has been used to streamline existing municipal development approval processes
- Information on municipal development approval timelines and whether municipalities are being appealed for non-decisions
- Identify potential measures where current lack of infrastructure capacity (e.g., water/wastewater servicing) may limit future housing development
- Strategies to use municipal surplus lands
- Commitment to plan for, fund, and approve (where applicable) specific critical municipal infrastructure to support growth and new housing (e.g., water, wastewater, transit etc.), which may include expanded capacity as well as fully new facilities/assets
- Priorities for strategic and site-specific planning decisions to expedite housing in priority areas (e.g., around transit stations and in transit-serviced areas)
- Update zoning by-laws to permit a greater range of housing to be built without the need for costly and lengthy rezoning applications
- Municipalities may also consider existing tools such as the Community Infrastructure and Housing Accelerator, [Community Planning Permit System](#), Major Transit Station Areas, and Protected Major Transit Station Areas.

Below are some of the potential components of a municipal housing pledge. Municipalities are free to choose, alter, or add any new components that seem reasonable. Pledges can be represented in the form of plain text, tables, charts, maps, or a combination of them.

- Municipal Housing Target
- Planned and proposed Municipal Initiatives
- Initiative Owner and Additional Stakeholders
- Context and Description of How Initiative Accelerates Housing
- Number of units per initiative and housing type
- Considerations (Barriers, Implementation, Risks, etc.)
- Potential Mitigation Strategies and Proposal to Accelerate Housing
- Potential Reporting and Monitoring Measures

The deadline for municipalities to submit housing pledges to the Minister of Municipal Affairs and Housing is March 1, 2023.

Municipal housing pledges are intended to be public documents and it's anticipated that municipalities will post them online.

Municipalities can contact Ministry staff with any questions and for clarification.